

MINUTES
BOARD OF TRUSTEES MEETING
Montana Historical Society Auditorium
Thursday, January 18, 2007

In attendance were Montana Historical Society Board of Trustees members Shirley Groff, Bill Holt, Kent Kleinkopf, Jack Lepley, Sharon Lincoln, Steve Lozar, Jim Murry, Tom Nygard, Lee Rostad, Crystal Shors and Jim Utterback. Also in attendance were MHS Director Richard Sims, MHS State Historic Preservation Officer Mark Baumler, MHS Centralized Services Manager Denise King, MHS Publications Program Manager Molly Holz, MHS Research Center Program Manager Molly Kruckenberg, MHS Director of Museum Services Susan Near, MHS Public Information Officer Tom Cook, MHS Administrative Officer Gena Ashmore, and Friends of the Society President Marge Jacobson. Also addressing the Board was MHS Membership Coordinator Vanessa Verrill, Montana History Foundation Executive Director Amy Sullivan, Montana History Foundation Board President Matthew Cohn, and Emeritus Board Member Bob Morgan.

CALL TO ORDER

President Sharon Lincoln called the meeting to order at 9:00 a.m. Sharon asked the attendees to introduce themselves.

Sharon said the Society has come under some criticism by legislators and others for our seeming inaction on purchasing property for the new History Center. This is a mistaken perception. We are still looking at the Capitol Hill Mall property, and because there are some problems with that property, we are also considering other possible sites. The Executive Committee feels that we need to go forth with a statement that we are actively pursuing a piece of property. The Executive Committee has drafted a motion to present to the Board. **Jim Murry made the following motion on behalf of the Executive Committee. "The Director is instructed to continue aggressive pursuit of purchase of the Capitol Hill Mall as a site for facility expansion and is further instructed to investigate alternative sites near the State Capitol building as a conservative and prudent use of public funds."** Shirley Groff seconded the motion, all voted in favor, and the motion passed.

Richard Sims said a handout will be created for dissemination to the public with the motion and a list of actions we have and are taking as we proceed with relocation and expansion. Sharon added that it is very important for all board members to be on the same page with this issue and not expand on it to the point that we confuse people or tell another story. The problems with the mall can be addressed, and should that fail, any good organization has a contingency plan. Richard will draft a letter to Westfield Properties asking them what measures they need to address before they are in a position to sell.

REVIEW OF MINUTES

Jim Utterback moved to approve the minutes from the September 28, 2006 meeting, Bill Holt seconded, all voted in favor, and the motion passed.

FINANCIAL REVIEW

Montana History Foundation Report

Amy Sullivan introduced the new President of the Montana History Foundation Board, Matthew Cohn. Matthew explained that he works for Montana State Fund, and is involved with the legislature. He gets many questions regarding the MHS building from people who know of his involvement with the Foundation. The building issue is on a lot of people's minds, and Matthew felt the MHS Board acted wisely in making the motion to pursue purchase of the mall property. This is an exciting time for the Foundation, with consistent and excellent leadership from Amy Sullivan. Amy and her staff have helped the Foundation develop consistent programs, which has made the Foundation far more efficient. MHF has new Board members with long-time Montana connections that meet twice each year. The MHF Board wants to be more active, and a number of committees have been formed that will take the Board to a new level. Two major things the MHF Board has asked Amy to pursue this year is funding of the history textbook and paying off the Scriver Center. The Foundation is here to help the Society, and it is ready, willing and able to help raise funds for the History Center. The MHF Board appreciates the good communications, and looks forward to working with the Society Board in the future. Sharon Lincoln replied that the MHS Board looks forward to partnering and fundraising with the MHF Board as well.

Amy Sullivan presented donation highlights since the last MHS Board meeting. The Foundation has received \$7,500 towards the textbook, with a grand total of \$76,138. MHF is in the process of applying for a \$10,000 grant for the textbook from PPL. MHF closed on a donation of five casts of Bob Scriver's Grizzly Surprise, the original mold, and rights to cast 23 more, worth approximately \$60,000 to benefit the art acquisition endowment. The Foundation could not directly solicit MHS members, but was able to include a letter in the Society's year-end mailing, which has brought in \$3,100 so far, and money continues to come in for the Society every day.

Amy is watching bills that affect charities. House Bill 68 by Senator Kaufmann requires charities to register with the state. Senate Bill 79 by Senator Laible will change the manner of long range building programs. This could affect the Society if it applies to bonding authority that has not been let, which will directly affect the Society's \$7.5M. Senate Bill 150 by Senator Gillan, extends the qualified endowment tax credit for six more years to 2013 and does not allow donations to bricks and mortar to qualify for the tax endowment credit. This affects raising money for the building. Amy continues watching a number of draft bills by Lynda Moss that will affect the Society and the Heritage Commission.

Amy is making donor visits to the Southwest in February/March and the Northeast this spring.

Richard and Amy met with the Attorney General's office and the Legislative Auditor to determine how the Foundation can best work with the Society given the harsher IRS arms-length rulings and new auditing standards. One thing they discovered is something called a component unit. The rules of a component unit are very clear, and the Foundation Board has made it very clear that it does not want to be classified as a component unit. Being a component unit would cause donor information to be subject to the governmental accounting systems, legislative budget

authority and legislative audit. The Foundation was created specifically to be a nongovernmental entity. The Foundation will be making changes in its internal documents over the next few months to make sure it is not classified as a component unit. Last year an individual was requesting information about the Lewis and Clark Legacy Campaign, some of which Amy felt was confidential donor and personnel information. This led Amy and Mark Baumler, the Society's Interim Director, to push for an Attorney General opinion about when information becomes public when a private entity deals with a public entity. The holy grail in non-profits is confidentiality of donors. The Attorney General said that because the Legacy Campaign was so intertwined with a state agency, everything was public, and the Foundation had to make all of the records public. This brought up the issue of the Blackbaud database. If the Foundation was to cost share with the Society and the Society used public dollars, this could that open up the whole database to public scrutiny even if the private information was segregated from the public information. There was enough doubt created that the Foundation called off the project last summer before the database could be implemented. MHF has decided that it is not worth the risk, and it will be refunding \$11,661 to the Society for its share of the database.

Thanks to all of these developments, Richard and Amy are clearer about what the Foundation cannot do. Now they have to figure out how the Foundation can help. The Foundation would like to get both Boards together to talk about the future, the building campaign, and all of the exciting stuff we have to look forward to.

The Foundation has been able to raise through cost savings and donations \$157,000 to purchase the land underneath the Scriver Center. This is crucial because no one will want to buy a building that does not include the land it sits on. The Forest Service assures Amy this can be done by the end of March. This is part of a bigger exchange called the Spring Hill Land Exchange, being done through the Prickly Pear Land Trust. This has already made it through public review with no negative comments. Once the transaction is complete, the MHF Board has asked Amy to look into several possibilities for the future of the Scriver Center. The options are to sell it, to change the lease, or to continue to cultivate major donors. It is incredibly hard to raise money for a building that is already built. In August of this year, the interest-only status with First Madison Valley Bank ends. The Foundation is currently paying interest only on \$680,000, with a variable interest rate and payments of \$4,500 per month. When you consider what that money could be doing to help the Society or other entities, it is a huge chunk of money. Amy will be asking the Society for input on what should be done. Protecting the collection is of utmost importance to the Foundation.

The textbook account balance is \$76,138. The acquisition endowment is currently at over \$60,000 with funds available at \$33,213.28. The K. Ross Toole endowment is at \$3,152.10. The Wolf Point Bridge endowment is \$136,365.59, with available funds of about \$5,800.

Jim Utterback asked about the equity in the Scriver Center and if money was used that was taken out of one of the Foundation funds. Amy answered that it was taken from the NEH endowment, and the Foundation gives \$29,000 per year to the Society as a return on investment. If the building is sold, \$486,000 would be put back into the endowment. The Society's lease would transfer to the new owner. This is a 20-year lease that increases 3% each year. The Foundation

picks up all of the expenses, including insurance, utilities, lawn care, etc., which could be an issue with a purchaser.

Montana Historical Society Financial Review

Denise King reported that the legislative audit had eight findings, most of which were immaterial. SHPO receives a federal grant, and there is a state law that indirect costs must be paid on grants. Historically, SHPO as an integral program of the Society that also pays many of its own overhead expenses like rent and networking, has paid something less than the full calculated MHS indirect rate, which is currently 33%. The indirect issue with SHPO has been fixed for the next biennium, and we are working on a fix for the current biennium. In the current year, there is an outstanding balance of about \$85,000 that still needs to be paid. Denise is working with the Budget Office to see if that can be mitigated. We are doing an in-depth analysis evaluating the indirect cost we have calculated previously, and we will make a recommendation of how to reduce that amount, and are hoping to reduce it to under 25%. Another finding was regarding the draw on our federal money. There is no harm to the Society or to the State with us drawing once each month. The auditor wants us to do this every two weeks, which is quite labor intensive, but we are complying. There were findings with how the Lewis and Clark Bicentennial Commission was handling its business. Because it was administratively attached to the Society, the Society was written up, even though we had no control over the Commission. The Commission Office sunset this past December, so this issue is resolved. The Senate Art Project had an issue with how to handle money loaned from the Lewis & Clark Bicentennial Commission. The auditor asked us to take out loans, which we complied with. The loans will be paid back to the Lewis and Clark Interpretive Trail Association since the Commission will no longer exist.

Denise asked Board members that when they go on break to look at the table in the lobby with new products the Store is carrying.

Denise shared a binder showing the budget presentation that was given to the legislature. Denise did not have the quarterly financial statements for the Board because of the amount of time it has taken to work with the legislature. She passed out a handout showing the Board the status of Society funds. We are on target and are not overspending as of the end of December. Jim Utterback asked how much we lost in budget cuts over the past few years. From 2002 to 2007 we have lost roughly \$534,000 in general funds.

Executive action was completed on our budget. We received all of our present law adjustments. This restores our current staff plus we are getting \$19,000 for computers and \$30,000 to help SHPO with the antiquities database, the Preservation Review Board meetings, and increase the SHPO Grants Manager position from 0.5 to 0.75 FTE of general fund. We will receive \$63,000 to restore the base, which includes the loss of administrative fees from the closures of the Montana Heritage Project and the Lewis and Clark Bicentennial Commission. The Museum program will get 1.3 FTE to work on cataloging the collection. The magazine is to receive \$42,000 in personal services. This is the first step in the process, and it can change anytime between now and the end of April.

The Governor's Budget Analyst and the Senior Budget Analyst recognized that the indirect cost issue is harming the SHPO program. To fix the problem, SHPO will receive \$600,000 in federal funds, SHPO will give Administration \$130,000 to pay the indirect cost, and SHPO's general fund will be increased to \$130,000. In this way, the audit exception is fixed and we are in compliance with the law. Kent Kleinkopf pointed out that this was the only serious matter in the audit.

MUSEUM AND EDUCATION PROGRAM REPORT

Loan Request – Herbert Hoover Presidential Library, West Branch, Iowa - 8 Sioux, Crow and Cheyenne Artifacts from the Late 19th Century

Lee Rostad moved to approve the loan request, Tom Nygard seconded, all voted in favor, and the motion passed.

Loan Request – Western Heritage Center, Billings – 18 Artifacts Related to the Founding and Early Days of Billings

Steve Lozar moved to approve the loan request with the suggested exceptions, Jim Utterback seconded, all voted in favor, and the motion passed.

Loan Request – National Museum of Wildlife Art – *Toll Collectors* by Charles M. Russell

Susan Near said the National Museum of Wildlife Art has requested the Russell Piece *Toll Collectors*. This valuable piece is on exhibit in our gallery, and it would be gone from our walls during the summer. We would prefer not to approve this loan. Bill Holt said that in the past we did not loan Russells. Bill Mackay was adamant about this, and the collection was from his father, so we have always followed this as a policy. Susan said there is something in the policy manual about it, but it would have to be extenuating circumstances for a major piece to be loaned out. We have done it before in the 1980s for a major retrospective in St. Louis about Russell. We may want to do it again with an upcoming planned exhibit with the Russell Center's raison'ne project. **Bill Holt moved to decline the loan, Jim Murry seconded.** Richard Sims commented that he is aware of the prestige of the National Wildlife Museum in Jackson. He asked Bob Morgan if he knew of major Russell pieces being loaned out. Bob answered not for many years, but it was prevalent in the 1960s, and he believed there was an agreement with the Mackay family that the Russells would not be moved. Tom Nygard said we should reconsider this because with the possibility of a new building with great exhibition room, the time will come when we are inviting exhibitions to our place. There is nothing wrong with the National Wildlife Art museum as an institution. The exhibit's curator, Brian Dippie, is a great man to be associated with. The painting will only be gone for three months. Susan said it is not unprecedented, a number of our pieces have gone out, but a major piece that is missing during the summer months when people have come to see our Russell collection is a problem. We know and work well with staff at the National Wildlife Art Museum. They were partners with us in the Yellowstone Museum Cooperative a number of years ago. Tom Nygard said we could attach something to the loan that would bring us some benefit, such as asking them to reframe or conserve the painting. Molly Holz added that Brian Dippie is on the magazine editorial board,

and he is a good friend of the Society. Richard Sims asked that the motion be withdrawn and we take the issue back to staff discussion and clear up our covenant with the Mackays about any Russell leaving the building. **Bill Holt withdrew his motion.** Tom Nygard said for Richard to include him in the discussions, and he may can come up with a painting to replace the Russell in the Society's gallery. Richard added that when a museum wants to borrow something, we do our best to work with them and not expect anything in return. This is a relationship-building opportunity. Richard wants to have a thorough discussion with the curatorial staff to make sure we do the right thing. **Bill Holt moved to table the discussion for staff clarification, and the final decision will be left to the executive committee. Jim Murry seconded the motion, all voted in favor, and the motion passed.**

Deaccession Request – 2 Potato Chip Bags and 1 Popcorn Bag

Jim Utterback moved to approve the deaccession request, Kent Kleinkopf seconded, all voted in favor, and the motion passed.

Other

Susan Near reported that the major exhibit, *Neither Empty Nor Unknown*, is open. Under a Park Service grant we are working to produce curriculum associated with the exhibit as well as tours, scripts, and a booklet. The Montana Mosaic DVD project is nearing its end, with the final cut in February. A copy of the DVD will be sent to all 7-12 schools in Montana, as well as to those who have requested a copy. We are working with General Services Division on a long range building project on the Original Governor's Mansion to fix the foundation in one corner, some rotting wood on the balcony porch, and some problems with windows. We are working on the accreditation process, and our self study is due in October. The Gallery of Outstanding Montanans induction ceremony will be held on April 11. We are working on three new temporary exhibits: *Montana By Food* will open on March 22, the traveling exhibit of railroad photographs by Warren McGee will open April 27, and in May, *Let Wonderland Tell Its Story*, early Yellowstone photographs. Northern Pacific Railway History Association is donating \$10,250 to help fund the Warren McGee exhibit, and the Department of Transportation is giving an additional \$4,500.

Museum Committee Report

Susan Near reported that the purpose of the meeting was to present what the museum wants to do in the future. We have a draft of a long range plan that focuses on getting ready for accreditation, the new building, what we want to do, the resources we need in the future, and where we would like to continue to do good work. Tom Nygard added that it is the Museum staff's desire to catalog the Russell collection in a publication. The Board is in favor of this, but the problem is finding the money. The cost of this publication would come back to us multi-fold, particularly since a catalog resume is being prepared to publish. For our collection to be missing from the catalog resume would be a great shame. The catalog would sell out quickly. Kent Kleinkopf said that even though general reciprocity is not a consideration in loans, financial assistance on a catalog could be discussed with someone like Brian Dippie to find out if there is a level of interest at the same time we are loaning them the Russell. Richard Sims responded that

the C. M. Russell museum is coming out with another book on the sketches Russell did on the thousands of letters he wrote. Museums like to publish their own stuff. The few partner publications that come along usually relate to a traveling exhibit that many museums have contributed to. Crystal Shors felt a catalog would be a good premium for fund raising for the new history center.

RESEARCH CENTER PROGRAM REPORT

Library Deaccession Request – 233 Titles

Molly Kruckenberg reported a change to the deaccession request. As part of the deaccession policy, we offer the books to libraries and other historical societies around the state. The Overholser Historical Research Center in Fort Benton has requested that several of the items be transferred to them rather than sold with the deaccession. The items will still be deaccessioned, but rather than sold, they will be given to another non-profit, historical organization within the state. Molly passed around a list of those items. **Jim Utterback moved to approve the deaccession request, Crystal Shors seconded, all voted in favor, and the motion passed.**

Other

Molly said the State Archivist is the chair of the State Historic Records Advisory Board, which is a board with members from around the state that advises historical societies and other agencies on how to care for historical records including providing training, scholarships to attend training outside of the state, consultations, and general promotion of archives within the state. The Advisory Board biennially produces a poster promoting archives. Molly showed the 2006 poster that was mailed to historical societies and archives around the state, and she made additional copies available for Board members to take for themselves or for public libraries or historical societies in their areas.

David Thompson Conference Update

Rich Aarstad, our archivist and oral historian, sits on the United States portion of the International Committee for the David Thompson Bicentennial. The Society is hosting a conference on June 15 and 16 at the Historical Society and the Capitol. Next month we anticipate having the registration form available on line. The speakers are set for the conference. We have raised about \$6,000 from interested groups to support the conference, and we also have a grant into the Montana Committee for the Humanities to further fund some of the speakers and the cost involved. This same meeting last year in Washington had about 60 people, and we are hoping for 80 to 100 attendees. A workshop will be held the first day in the Capitol that will be aimed at educators and teaching the fur trade in a classroom. The second day will be a more traditional conference, with most of the topics focused around the Metis and the role of Indian women in the fur trade. The Society is contributing a couple thousand dollars, and the Idaho Historical Society has given us \$2,000 towards the conference. David Thompson was a surveyor and a mapmaker. We have had donations from several land surveyor groups in the northwest. Various other interested parties have also donated money for this conference. Several folks from Canada and Alberta are coming to present at the conference.

Map Conservation Assessment Project

We were pleased to learn that the Library received a map conservation assessment grant of about \$4,500 from the National Endowment for the Humanities that will allow us to bring in a conservator from New Mexico to spend a week at the Society examining our map collection. Many of our maps are stored improperly, and there are several very valuable maps that need conservation work. At the end of the week, the conservator will train the Research Center staff on how to care for and handle our maps, and provide us with a report of the conservation needs of our map collection that we can then leverage for additional grant money from NEH to do some conservation work.

Research Center Committee Report

Steve Lozar reported that in 2006 the Research Center, including the Library, Archives and Photo Archives, served over 11,000 people. The biggest challenge is the need for digitizing information to allow people in the state to have access to that information. We have reference material in abundance, but it is not always easily accessible. Another major challenge is the need for additional staff. With that many requests for service, the need to continue personal service, which is one of the hallmarks of the Research Center, is being stretched. Education is a primary role of research. No matter what part of the Society you deal with, education is at the core. A challenge with digitization is being able to put it on line. We would like to see a centralized reference room in the new building -- a place that is more user friendly than the space we have. There is a real need for compact shelving. We would like the ability to display primary documents -- incredibly important documents that are packed away. Another challenge is that we need to be able to earn enough money to cover expenses. We charge roughly \$20 per hour for out-of-state research requests, which does not cover all of the expenses. There is a need for stability in the way staffing is appropriated in legislation. Another challenge is government records. It takes two full-time staff to work on storing and cataloging government records.

Molly explained that the Research Center would like to get a professional consultant who does digitization to help refine the process. Without additional funding for servers, more computers, and more scanners, we cannot establish the type of work flow for our digitization that we should have. At the moment we are doing some digitization, but not at the level of professionalism that is preferred for the program. The best materials to digitize are those things that it is better not to handle or things that are used most often within the collection.

PUBLICATIONS PROGRAM REPORT

Molly Holz showed the Board the latest copy of the magazine, which was about Butte. Steve Lozar wrote an article in this magazine. We have gotten a lot of press on this issue of the magazine.

Montana Place Names

The production of the next MHS Press book, *Montana Place Names From Alzada to Zortman*, is in full swing right now. This is a collaborative project with the Research Center. This book has three components: the printed book, a map that shows the 489 place names, and a website. This project has been a multi-agency project. The Montana Highway Department donated the base for the Montana State Highway Map, which saved us from having to recreate the map. We have worked in conjunction with the State Library on the website. We are using as our model an Alberta Place Names book that is very nicely designed.

Publications Committee Report

Jim Murry said the involvement of Board members in membership and subscriptions to the publication was discussed. Every Board member brings their own background and character to the table. We can all help in our own way to achieve those goals that are so important.

Molly Holz reported that the magazine is mailed out to approximately 7,300 people, and there are news stand sales also, so we usually print 10,000 – 11,000 magazines. Magazine subscriber numbers are at a critical level. We have not been able to afford advertising. In the past we sent out cards in mass mailings, but we have not been able to afford any direct mails in the past year and a half. As a result, our numbers continue to decline. The best way to counteract this is to send out a direct mailing. We can expect a one to three percent return on a direct mailing. This is at the top of our list of goals for this year, and it is what we have to do to get our numbers back up to a decent level. We need good lists. The best success we ever had was using lists from the universities. AARP would also be a good list for us.

STATE HISTORIC PRESERVATION OFFICE PROGRAM REPORT

SHPO Budget

Mark Baumler reported that we were successful in getting SHPO made whole again through the next biennium in terms of federal funds. Denise King has done a good job of figuring out how SHPO's federal funds work and the history of SHPO's funding, which is different than the other programs. Mark thanked the Trustees for their support of the program with the legislative audit issue. Now that SHPO is back to its base funding, we are looking for ways to continue to grow the program. We expect to get about the same federal funding this year as last year. We have only a half of a position (out of 8.5 positions) funded by general fund, so with the new general fund that we have in the budget being reviewed by the legislature, we will be able to increase the Grant Manager's position, support the Preservation Review Board, and support our databases. The State is finally thinking about putting some of its money into preservation. We will also look at alternative sources of funding. We are applying for another Preserve America grant for this year that we can distribute to communities across the state. The Governor's Council on Historic & Cultural Properties Report stated that the State needs a fully-funded SHPO, and we are hoping to build off of that as a means to ask for additional support from other sources. There is some legislation that has to do with redirecting accommodations tax, and SHPO could benefit

from that if it is successful. There are a number of preservation-related bills including another attempt at a courthouse preservation act.

Preservation Awards Ceremony Recap

Mark thanked the Trustees who came to the awards ceremony at the Myrna Loy. We had up to 200 people at the ceremony. Over 40 properties were listed in the National Register in the last two years that were given certificates, and we awarded four preservation awards, including one to the Montana Preservation Alliance. The Lieutenant Governor was in attendance and gave remarks, and Richard Sims was emcee. We received quite a few positive comments, so people are responding positively to the work SHPO does with the National Register.

Montana Historic Preservation Plan 2008 – 2012

This is the time of year when we have to come up with our activities for this federal fiscal year as part of our application for federal funds. One of those activities this year is to write a new Historic Preservation Plan. The SHPO in each state is required by the National Park Service to develop and have in place a five-year plan for preservation in the state. This is supposed to be a plan that all organizations involved in preservation can use to figure out what priorities they have for their programs.

Historic Preservation Committee Report

Crystal Shors reported that in lieu of a Preservation Committee meeting (both Trustees Foor and Lee absent and SHPO staff were preparing for the Awards Ceremony), she and Mark Baumler were able to visit by phone. Crystal looks forward to learning about and participating more in SHPO activities, including development of the new 5-year historic preservation plan.

Kent Kleinkopf reported that Senator Wanzanreid began showing an interest in our problems last fall, and he expressed an interest in helping us to fix what needs to be fixed in our budget. We have many friends of the Society and some strong advocates in the legislature. Kent asked the Board to acknowledge the efforts of these people and to thank them for the positions they have taken. Senator Wanzanreid's influence in particular has been critical. Jim Murry added that we also must acknowledge the job that Dave Lewis is doing for us.

DIRECTOR'S QUARTERLY REPORT & ACTION ITEMS

Senate Art

Gena Ashmore reported that the Senate Art dedication ceremony was held on January 3 . It was an exciting and memorable event. Gena thanked the Board members who were able to come to the ceremony. With the dedication ceremony, that concluded the Senate Art project. We still have sales to do and bills to pay.

This fall we went through another legislative audit on the project. A member of the public showed up at the audit committee with complaints and accusations of wrongdoing by the Society. The legislative auditor does not expect to have the results of the audit until after the session is over.

The Board had previously asked about the maintenance of the art. The artist said the piece needs to be waxed every one to five years. Our museum staff is in charge of the maintenance of all of the art in the Capitol, so they will take care of that when it needs to be done.

Sharon complimented Gena for putting together the dedication ceremony in a most beautiful way. Gena said that was it was a group effort by Tom Cook, museum staff, Denise King, and others. Gena thanked all of the staff who pulled together to make the ceremony happen when she had to go to Georgia unexpectedly over the holidays.

Gena passed out a report of the most recent figures. We were hopeful all the way up to the end, but the bottom line is that we are not going to break even. We will have about \$20,399 invested of our own money. Three major items caused the budget overage. General Services had told us it would cost \$11,000 total for the installation, and they would cover the transport of the art from Kalispell to Helena. They sent us a bill for almost \$4,800 for the transport, and \$24,731 for the installation. There will be more travel expenses for the artist to come to Kalispell one more time to finish up the maquettes. Denise King clarified that we are using proceeds from the Western Rendezvous of Art sale. This year we made \$40,000, and we are using \$30,000 of that money to cover expenses on the Senate Art project. These proceeds are to be used to purchase art, and the Senate Art would qualify for that purpose.

Staff Retreat

A staff retreat was held in October at Carroll College to imagine a new Montana Historical Society. This is the first of many staff workshops we will have. The new facility starts with the staff's imagination. Richard encouraged the Board to have its own retreat. Sharon and Richard will talk about how to fit that in to the next Board meeting.

Legislative Issues

Senator Lynda Moss has many bills related to arts, culture and museums. The most important bill is SB 284. Everyone who gets bed tax money met to discuss a way to capture and distribute the 3% bed tax money and the car rental money that came online four years ago. The first ground rule was to hold harmless the 4% bed tax we all enjoy the distribution of now. It is very critical to us how that bed tax money augments our general fund. This is new money, and it is based on an astute economic analysis. The pitch to the legislators is that this is an investment in tourism. An economist was hired to show a return on investment of the \$14M that will be spread around to various entities. There are some powerful lobbyists and much interest from both sides of the aisle in this bill. Richard was part of the tourism business plan team that developed this.

Jim Murry said when Board members are in Helena and have a chance to speak to legislators, it makes sense to coordinate all activities with Richard.

Montana Conversations

Tom Cook and Richard will be organizing meetings in Miles City and Bozeman. Richard is working with Bob Brown to get a meeting in Kalispell and Jack Lepley for Fort Benton. Richard would like to work with Steve Lozar to appear before Tribal Council. Kent said they would like to have Richard come to Missoula. Shirley Groff helped with a nice gathering in Butte. Richard will write a formal report in mid-summer after as much territory is covered as possible in getting Montana's input on its sense of the new era of the Society.

Architect RFP

The RFP for an architect will be sent out next week to begin the process of architect recruitment for our master planning for a new facility. At the state architect's request, the scope of work has been enlarged to include some master planning of the Capitol Complex as well as focused master planning on our component in that complex. We hope to have short-listed three or four firms by the end of February. Richard would like Board and staff to gather to interview the finalists. This will be an exciting process to pick our team to move forward. If we can seal a deal with an architect firm some time in mid to late March, perhaps by April they will be having their first planning session with staff, board, community, and statewide. We have been authorized \$250,000 of the \$7.5M for architectural services. Kent Kleinkopf asked about the process of putting the RFP out nationally. Richard explained that the RFP is going out nationally as well as to the members of the Montana Association of Architects. Many times a national firm will partner with a local firm.

Montana Quarter

The Montana Quarter is coming out soon. There will be a ceremony at the Helena Civic Center. The quarter depicts the Russell bison skull. The store is reacting quickly in creating marketable products that carry the quarter in a commemorative sleeve for numismatic collecting.

Other

Richard looks forward to inaugurating a video documentary program, as he has done in other places. The Greater Montana Foundation funds video productions and video equipment. Richard will request state-of-the-art broadcast quality video equipment.

Richard is planning to go to Washington, D.C., perhaps this spring, to call on the national delegation. He will be asking the delegation if we can put an exhibit in their offices. This will give us a constant daily presence in their visual field and will begin a relationship that we want as we begin our fundraising.

Richard asked Tom Cook to pass around newspaper clippings of what we have done around the state for the past two years.

Richard said he is in the newspaper column writing business. He has done ten articles so far, and will continue writing one each week.

Richard appreciates three things, we trade hard facts with each other, we engage in serious strategy constantly, and we do all this with good humor. Richard thanked the Board for creating a good work atmosphere for him and the staff.

Kent Kleinkopf said he had the opportunity to introduce Richard's column to a small local paper. He suggested that the Board promote Richard's articles in the small towns papers they are familiar with.

PRESIDENT'S REPORT

Sharon addressed the 2007 meeting dates and venues. Richard Sims said that Board meetings in other towns can be a chance to have an impact with local leaders in those towns. Every Board meeting in a sense is a fundraising and membership growth opportunity. When we have out-of-town meetings, Program Managers, Gena and Richard will be in attendance. Committee meetings should be held before every meeting, and when out-of-town, those committee meetings can be held with Program Managers. Richard would like to see afternoon committee meetings, an evening social, and the Board meeting the next day. Richard suggested that the Board hold the budget harmless and pay their own way. Jim Murry said if the purpose of moving the Board meeting around the state is to expand membership, increase subscribers, etc., he would like to have it tracked to measure the effectiveness. Richard suggested that when we schedule the summer meeting, we include a town hall meeting the day before, so that we could charge some expenses to Richard's travel budget from the Governor's Office.

The next meeting will be held in Helena on April 20, with the pre-meeting activities on April 19. The summer meeting will be held on July 20, with pre-meeting activities on July 19; location to be determined. The fall meeting will be held in Helena in conjunction with the History Conference on October 18.

PUBLIC COMMENT

Bill Holt said that when the Lewis and Clark Bicentennial Commission sunsets, the proceeds from the license plates will be split between the Historical Society, Traveler's Rest, and the Interpretive Center in Great Falls. Bill thought we need to market the license plates, or sales will decline. The Board decided that renewal of plates is automatic, and that marketing could bring attention to and cause people to change their plates, so no action was taken.

Marge Jacobson presented a handout of the Friends of the Society schedule for the next few months and told the Board about some of the activities that the Friends have worked on. The tepee and Indian doll ornaments that the volunteers made for the 2006 Christmas tree have been made available in the Museum Store. If the public is interested in buying these ornaments, the volunteers will make more. The Friends are also thinking about publishing a cookbook of recipes they have served at different functions at the Society, including their cookie recipes. The Friends appreciate when the Board attends their functions, like their luncheon in April.

Denise said the Montana Library Association is having a conference in Helena in April with 600 attendees. They contacted us to host a reception at the Society, which will be great exposure for us. The Helena Chamber of Commerce contacted Ellen Baumler about hosting a reception for the Tourism Advisory Council, which is also a great opportunity for us. The Helena Chamber of Commerce is paying the expenses, and the Friends are preparing the food.

COMMITTEE REPORTS

Joint Meeting of Finance/Legislative-Lobbying Assistance Committees

Jim Murry reported that when we started with our legislative efforts, a great concern was how to protect the \$7.5M bonding authority. Some good work is being done, and we have strong bipartisan support. Jim complimented Richard and Denise on the job they did in the budget hearing. Jim participated in hearings where the settlement with the former director was discussed. The point that he has endeavored to make is that this was not a severance, it was a settlement. We are also dealing with community unrest in Helena. Some of us will be attending the weekly Helena Legislators meeting and the Downtown Helena meetings. One of the criticisms in a news article that appeared was that the Montana Historical Society seems to be rudderless. That is not the case. Every time we get a chance to talk with a legislator or anyone in the community, we have to straighten that out. That was an unfair criticism, and we have a responsibility to let the community know that this is simply not the case. Jim is very pleased with the leadership that we have with Richard.

Marketing Committee

Crystal Shors said the Marketing Committee is in transition. Richard has hired a contract marketing assistant, Kris Ellis. We have huge opportunities and huge challenges with the development of a marketing plan. We will continue to try to find a way to package the Society. There are so many aspects and functions of the Society, it is a challenge to market what we have to offer with limited resources. We have a very attractive ad in the Big Sky Airlines magazine. Ellen has done a beautiful feature in that magazine. This is an example of what we can do pairing advertising with feature work. We have a need for professional looking backdrops and tradeshow exhibit materials so that when people are representing the Society, we have a professional look. The graphics standards manual is very important, so that anything we have in print triggers a visual connection, and people will identify the product with the Society.

Sharon said the Moss Mansion has a yearly Country Fair craft event in June. Last year, Sharon, Lee Rostad, Virginia Court, and Judy Cole set up a booth with Society items for sale and back issues of the magazine to give away. People seemed very pleased that the Society was there. Sharon and Lee plan to have a booth at this event again this year. They would like to have a backdrop and a banner that shows that it is the Montana Historical Society. This is a way that Board members can represent the Society in their communities.

Susan Near asked the Board to keep in mind the Western Rendezvous of Art that is coming up in August. The Rendezvous is the biggest fundraising event for the Society.

Membership Committee

Vanessa Verrill, the new Membership Coordinator, said one area we can focus on is for the Trustees to recruit members. Lee has given some gift memberships, and almost all of the Board are members, but recruiting members is very important. Vanessa passed out membership brochures and business cards for the Trustees to use for recruiting. The higher levels of membership have increased. Tax deductibility is a good incentive for business recruitment. Vanessa is excited about her new position and looks forward to recruiting new members. There are issues to be resolved, such as the database system, and we are also in a position right now in that we do not know if Gena will remain the supervisor of the program. Vanessa has been representing the Society at the bi-monthly State Employees' Orientation Class.

Kent Kleinkopf asked how many of the Trustees are members of the Foundation. He said we are expecting a lot of support from the Foundation, and it would be a good gesture for the Board to support the Foundation. Jim Utterback asked how many of the Foundation Board members are members of the Society. Vanessa answered that quite a few of the Foundation's Board are members at the higher levels, and they also send in extra donations. To reciprocate would be a nice gesture.

Executive Committee

The Executive Committee's key issue was the discussion of the possible purchase of the Capitol Hill Mall and some of the obstacles we have seen in the path. We are exploring the avenues of surmounting those obstacles. Richard will be communicating with Westfield Properties and Intermountain Children's Home.

Appoint Chair of Nominating Committee

Sharon reappointed Bill Holt as the Chair of the Nominating Committee.

UNFINISHED BUSINESS/NEW BUSINESS

Bill Holt asked about the C. M. Russell bronze issue. Lee Rostad said it was decided that we would wait until someone sued us, and maybe it will go away. Bill said it can not go away because we sold limited-edition bronzes, and the Russell Museum cast and sold the same piece, which is a flagrant violation of copyright law. Tom Nygard said we have done a lot on this issue. The Russell Museum ceased selling the bronzes, and they never cast all of them. They did sell some, and we do not know how many. We will be going to Great Falls in the ensuing weeks to talk with Ann Morand, Director of the Russell, about this issue. Jack Lepley said he had a discussion with a Board member at the Russell, and he believed they are contacting who they sold the bronzes to. Bob Morgan said the Society is the one that stands to be sued over this issue. Tom Nygard said this was an unfortunate mistake. Kent Kleinkopf suggested we put ourselves in their shoes. If we were in this same situation, we would be horrified. They have legitimate people on their board, and Kent believes they will try to rectify the situation. Tom Nygard said he is on the National Advisory Board for the Russell Museum.

Board of Trustees Meeting
January 18, 2007

ADJOURN

Kent Kleinkopf moved to adjourn the meeting, Tom Nygard seconded, all voted in favor, and the meeting adjourned at 1:45 p.m.